

colorado housing and finance authority

CHFA's Implementation of ARRA

Colorado Accountability Board Meeting
January 21, 2010

financing the places where people live and work

Impact of ARRA on CHFA

- ▼ Single Family Finance
 - ▼ CHFA JumpStartsm Tax Credit Program
 - ▼ CHFA JumpStart2 Tax Credit Program
- ▼ Multifamily Finance
 - ▼ Tax Credit Assistance Program (TCAP)
 - ▼ Tax Credit Exchange Program (TCEP)



CHFA JumpStart/JumpStart2

- ▼ Helps leverage the \$8,000 Federal First-Time Homebuyer Tax Credit for down payment or closing costs
- ▼ Zero percent second mortgage with payments deferred if second mortgage repaid by:
 - ▼ June 30, 2010, or,
(loans closed by Nov. 30, 2009)
 - ▼ December 31, 2010
(loans closed by June 30, 2010)
- ▼ Maximum second mortgage loan amount of 3.5% of home purchase price or \$6,000, whichever is less



JumpStart Loan Production

- ▼ CHFA JumpStart launched April 1, 2009
 - ▼ 113 loans purchased
 - ▼ \$15,203,912 total loan amount
 - ▼ \$479,147 in second mortgages funded
- ▼ CHFA JumpStart2 launched December 1, 2009
 - ▼ Available to first time homebuyers under contract before May 1, 2010, and closed before July 1, 2010.
 - ▼ As of Dec. 31, 2009, 11 loan reservations totaling approximately \$1.6 million



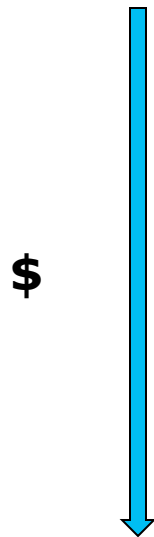
Housing Tax Credit Program

- ▼ Created by Congress in 1986 as part of the Federal Tax Reform Act.
- ▼ Established to encourage the construction and preservation of low income affordable rental housing by generating equity through the sale of tax credits.
- ▼ CHFA is the credit allocating agency for the Low Income Housing Tax Credit program in Colorado.





Investor



Affordable
Multifamily Housing

Tax
credits



Offset
Federal Tax
Liability



Tax
credits



Current State of the Tax Credit Market

- ▼ The size of the tax credit investor market has been reduced by nearly 40%.
- ▼ Investor appetite for housing credits has decreased dramatically over the past 24 months.
- ▼ Equity pricing for tax credits has fallen sharply.
- ▼ Availability of soft funds from local communities is scarce.



Impact on Affordable Multifamily Developments

- ▼ Decreased equity pricing has caused considerable funding gaps resulting in stalled developments across the country.
- ▼ Inability to find investors for certain types of projects, including rural projects and acq/rehab projects.
- ▼ Traditional financing structures have been impacted, resulting in increased demand for competitive housing tax credits.





Investor

\$

Tax
credits



Affordable
Multifamily Housing

\$.94 Pricing

Total Project Costs	\$15,691,087
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Tax Credit Equity	\$10,340,000
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Project Debt	\$3,840,000
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Gap	\$945,000
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Deferred Developer Fee	\$566,087
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% of Total Development Cost	66%
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Investor

\$

Tax
credits



Affordable
Multifamily Housing

\$.65 Pricing

Total Project Costs	\$15,691,087
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Tax Credit Equity	\$7,150,000
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Project Debt	\$3,840,000
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Gap	\$4,135,000
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Deferred Developer Fee	\$566,087
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% of Total Development Cost	46%
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American Recovery and Reinvestment Act Resources

▼ **Tax Credit Assistance Program (TCAP)**

- ▼ \$27.3 million available in Colorado for filling gaps caused by the decrease in equity pricing.
- ▼ Through January 12, CHFA has approved 15 TCAP awards totaling \$25 million – 92% of the available funds.
- ▼ These 15 projects support \$230.1 million in total project costs and 1,087 units of multifamily rental housing.



American Recovery and Reinvestment Act Resources

▼ **Tax Credit Exchange Program (TCEP)**

- ▼ Credits are exchanged for \$.85 on the dollar and awarded to CHFA in the form of a grant. CHFA then makes sub-awards to projects.
- ▼ Through January 12, CHFA has approved eight (8) TCEP awards totaling \$32.8 million in equity funding.
- ▼ The eight (8) projects support \$58.6 million in total project costs and 410 units of multifamily rental housing.



Villages on Stanford

- ▼ \$989,065 in TCAP funds requested by Fort Collins Housing Authority to finance renovation of Villages at Stanford
- ▼ 82-unit affordable family development in Fort Collins originally built in 1968
- ▼ Renovations total \$44,012 per unit and will include redesign and upgrade of building exteriors, unit interiors, and common areas
 - ▼ Pitched vs. flat roofs
 - ▼ New business center and community room
 - ▼ Renovated kitchen areas in each unit





Villages on Stanford Before



Villages on Stanford Before



Villages on Stanford After





Villages on Stanford After



Denver Gardens

- ▼ 100-unit affordable apartment complex serving seniors in southeast Denver
- ▼ Awarded Community Housing Concepts \$1.78 million in TCAP Funds to purchase and renovate Denver Gardens
- ▼ Originally built in 1979
- ▼ Transaction renewed affordability for 20 years
- ▼ Renovations include interior and exterior energy efficient upgrades
- ▼ CHFA video recognized by U.S. HUD Secretary Shaun Donovan



Questions

